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RUEAIIA/CIA WASHINGTON DC PRIORITY
RHEHNSC/NSC WASHINGTON DC PRIORITY
RHEBAAA/DEPT OF ENERGY WASHINGTON DC PRIORITY
RUCPDOG/DEPT OF COMMERCE WASHINGTON DC PRIORITY
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C O N F I D E N T I A L SOFIA 000632

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E.O. 12958: DECL: 05/05/2016
TAGS: [ECON](#) [ENRG](#) [EPET](#) [ETRD](#) [PREL](#) [SENV](#) [BU](#)
SUBJECT: BULGARIA CONFIRMS COMMITMENT TO B-A OIL PIPELINE;
QUESTIONS CHEVRON'S ROLE IN DECIDING OWNERSHIP SHARES

REF: A. A) SOFIA 310
[1](#)B. B) SOFIA 202

Classified By: Amb. John Beyrle for reasons 1.4 (b) & (d)

ACTION REQUEST in Paragraph 4

[1](#)1. (C) In separate back-to-back meetings, Bulgarian ministers Roumen Ovcharov, Economy and Energy, and Asen Gagauzov, Regional Development, told Ambassador Beyrle on May 5 that despite Greek media reports, the Bulgarian government still fully supports the Burgas-Alexandropolous (B-A) oil pipeline.

They said the GOB decided to revamp the Bulgarian portion of the international consortium from its original seven member group to a smaller one consisting of Bulgargaz and Universal Terminal Burgas - which is owned by construction company TechnostroyExport. Gagauzov said this change reflects the current administration's desire for participation only from companies with significant international and/or energy experience. The original consortium members will be kept on as sub-contractors. The GOB will inform the Greek government of its commitment to B-A, said Gagauzov.

[1](#)2. (C) Despite Ovcharov's assurances in January and February (Reftels) that details of the agreement would be finalized shortly, the three governments - Russia, Bulgaria and Greece - have not yet come to a final agreement on investor shares, oil supply, or who will control the terminal. Ovcharov told us the three parties have agreed in theory that Russia will take a 51 percent share in the overall consortium, while Greece and Bulgaria each get 24.5 percent. Gagauzov said Bulgaria had agreed to the 24.5 percent share, but noted that Russia had proposed that Bulgaria and Greece take only five percent. Gagauzov thought Greece had also rejected the Russian proposal. Ovcharov will head to Moscow again on May 15, where he will discuss B-A and gas contracts, among other issues.

[1](#)3. (C) Gagauzov asked Beyrle if he could look into an unsubstantiated report that Chevron - long-rumored to be considering joining the Russian group - is requiring that Bulgaria and Greece take the smaller five percent shares as a condition of the American company's participation. Bulgaria welcomes the involvement of Chevron, but questions whether this is really the U.S. group's position, and, if true, would be disturbed at being forced to take a smaller share. Gagauzov said Chevron would join a group of Russian/Kazakh companies - Sibneft, Rosneft, TNK-BP, and KMG (Kazmoni Gas) - who are meeting this month to resolve the Russian position. Gagauzov also said the GOB would welcome American investment for its Universal Terminal at Burgas.

14. (C) ACTION REQUEST: We continue to make the point to the Bulgarians that we support any commercially viable Bosphorus bypass, but clearly the viability of B-A is looking stronger every day, at least relative to competing projects like AMBO.

The rumor about Chevron sounds more like Russian-sown disinformation than anything, but we would appreciate any update from addressees on B-A and the status of Chevron's participation in it. END REQUEST
Beyrle